

**REPORT OF THE AUDIT OF THE
WAYNE COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2003**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS**

www.auditor.ky.gov

**105 SEA HERO ROAD, SUITE 2
FRANKFORT, KY 40601-5404
TELEPHONE (502) 573-0050
FACSIMILE (502) 573-0067**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE WAYNE COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2003**

The Auditor of Public Accounts has completed the Wayne County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$4,914,937 from the beginning of the year, resulting in a cash surplus of \$5,738,731 as of June 30, 2003.

Debt Obligations:

Total bonded debt principal as of June 30, 2003, was \$11,860,000. Future collections of \$18,757,738 are needed over the next 23 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$69,376 as of June 30, 2003. Future principal and interest payments of \$74,218 are needed to meet these obligations.

Report Comments:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits At All Times
- The County Should Pay All Loans By The End Of The Fiscal Year The County Enters Into Them
- The Wayne County Airport Board Should Strengthen Internal Controls

Deposits:

The fiscal court's deposits were not insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

| | |
|--|----|
| INDEPENDENT AUDITOR’S REPORT | 1 |
| WAYNE COUNTY OFFICIALS..... | 3 |
| STATEMENT OF ASSETS, LIABILITIES, AND EQUITY ARISING FROM CASH TRANSACTIONS | 6 |
| STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES..... | 12 |
| STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – ALL PRIOPRIETARY FUND TYPES | 17 |
| COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES | 21 |
| NOTES TO FINANCIAL STATEMENTS | 22 |
| SUPPORTING SCHEDULES: | |
| COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE | 33 |
| SCHEDULE OF OPERATING REVENUE | 37 |
| COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES | 41 |
| SCHEDULE OF AIRPORT BOARD FUND EXPENDITURES | 45 |
| SCHEDULE OF PUBLIC PROPERTIES CORPORATION EXPENDITURES..... | 49 |
| REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS | 53 |
| COMMENTS AND RECOMMENDATIONS | 57 |
| APPENDIX A: | |
| CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM | |



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Wayne County, Kentucky, as of June 30, 2003, the statement of cash receipts, cash disbursements, and changes in cash balances - all governmental fund types; the statement of cash receipts, cash disbursements, and changes in cash balances - all proprietary fund types; and the related statements of cash flows for the year then ended. These financial statements are the responsibility of the Wayne County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Wayne County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity of Wayne County, Kentucky, as of June 30, 2003, and the revenues received and expenditures paid, and the cash flows of its enterprise funds for the year then ended in conformity with the modified cash basis of accounting.

105 SEA HERO ROAD, SUITE 2
FRANKFORT, KY 40601-5404

TELEPHONE 502.573.0050
FACSIMILE 502.573.0067
WWW.KYAUDITOR.NET

AN EQUAL OPPORTUNITY EMPLOYER M / F / D



To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Members of the Wayne County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated August 23, 2004, on our consideration of Wayne County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Wayne County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discuss the following report comments:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits At All Times
- The County Should Pay All Loans By The End Of The Fiscal Year The County Enters Into Them
- The Wayne County Airport Board Should Strengthen Internal Controls

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
August 23, 2004

WAYNE COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

Fiscal Court Members:

| | |
|---------------|------------------------|
| Bruce Ramsey | County Judge/Executive |
| Jerry Sloan | Magistrate |
| Jesse Jones | Magistrate |
| Ricky Worley | Magistrate |
| Wade Upchurch | Magistrate |

Other Elected Officials:

| | |
|-------------------|----------------------------------|
| Thomas G. Simmons | County Attorney |
| Ray C. Upchurch | Jailer |
| Carol Jones | County Clerk |
| Richard Morrow | Circuit Court Clerk |
| James L. Hill | Sheriff |
| Bobby Upchurch | Property Valuation Administrator |
| Marvin Hicks | Coroner |

Appointed Personnel:

| | |
|-----------------|--|
| Barbara Gehring | County Treasurer |
| Barbara Hagan | Occupational Tax Collector |
| Peggy Edwards | Finance Officer/Deputy Judge/Executive |

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

WAYNE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2003

| | Governmental Fund Type | | | |
|--|------------------------|--------------------|---------------------|-----------------|
| | General | Special Revenue | Capital Projects | Debt Service |
| <u>Assets and Other Resources</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ 205,131 | \$ 8,011 | \$ | \$ |
| Restricted Cash- | | | | |
| Justice Center Project Fund | | | 5,120,717 | |
| Detention Facility Project Fund | | | | 361,128 |
| Total Assets | \$ 205,131 | \$ 8,011 | \$ 5,120,717 | \$ 361,128 |
| <u>Other Resources</u> | | | | |
| Amounts to be Provided in Future Years for: | | | | |
| Bond Payments | \$ | \$ | \$ 7,395,000 | \$ 4,103,872 |
| Capital Leases | 69,376 | | | |
| Total Other Resources | \$ 69,376 | \$ 0 | \$ 7,395,000 | \$ 4,103,872 |
| Total Assets and Other Resources | \$ 274,507 | \$ 8,011 | \$ 12,515,717 | \$ 4,465,000 |

The accompanying notes are an integral part of the financial statements.

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS
June 30, 2003
(Continued)

| | Governmental Fund Type | | | |
|--|------------------------|--------------------|----------------------|---------------------|
| | General | Special Revenue | Capital Projects | Debt Service |
| <u>Liabilities and Equity</u> | | | | |
| <u>Liabilities</u> | | | | |
| Notes Payable (Note 4b) | \$ 219,900 | \$ | \$ | \$ |
| Bonds: | | | | |
| First Mortgage Revenue Bonds - Detention Center (Note 5a) | | | | 4,465,000 |
| First Mortgage Revenue Bonds - Justice Center (Note 5b) | | | 7,395,000 | |
| Capital Leases | | | | |
| Voting Machines (Note 6a) | 46,000 | | | |
| Old Maintenance Site (Note 6b) | 23,376 | | | |
| Total Liabilities | <u>\$ 289,276</u> | <u>\$</u> | <u>\$ 7,395,000</u> | <u>\$ 4,465,000</u> |
| <u>Equity</u> | | | | |
| Fund Balances: | | | | |
| Reserved | \$ | \$ 8,011 | \$ 5,120,717 | \$ |
| Unreserved | (14,769) | | | |
| Total Equity | <u>\$ (14,769)</u> | <u>\$ 8,011</u> | <u>\$ 5,120,717</u> | <u>\$ 0</u> |
| Total Liabilities and Equity | <u>\$ 274,507</u> | <u>\$ 8,011</u> | <u>\$ 12,515,717</u> | <u>\$ 4,465,000</u> |

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
 STATEMENT OF ASSETS, LIABILITIES,
 AND EQUITY ARISING FROM CASH TRANSACTIONS
 June 30, 2003
 (Continued)

| <u>Proprietary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|----------------------------------|-------------------------------------|
| <u>Enterprise</u> | |
| \$ | \$ 219,900 |
| | 4,465,000 |
| | 7,395,000 |
| | 46,000 |
| | 23,376 |
| <u>\$</u> | <u>\$ 12,149,276</u> |
| \$ 49,521 | \$ 5,178,249 |
| | (14,769) |
| <u>\$ 49,521</u> | <u>\$ 5,163,480</u> |
| <u>\$ 49,521</u> | <u>\$ 17,312,756</u> |

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

WAYNE COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

For The Fiscal Year Ended June 30, 2003

| | General Fund Type | | | |
|--|---------------------|----------------------|---------------------|---|
| | General Fund | Road and Bridge Fund | Jail Fund | Local Government Economic Assistance Fund |
| <u>Cash Receipts</u> | | | | |
| Schedule of Operating Revenue | \$ 1,671,253 | \$ 1,268,251 | \$ 896,857 | \$ 31,299 |
| Other Financing Sources: | | | | |
| Transfers In | 78,000 | 130,000 | 136,091 | 2,500 |
| Loan Proceeds | | | 294,900 | |
| Bond Proceeds | | | | |
| Total Cash Receipts | <u>\$ 1,749,253</u> | <u>\$ 1,398,251</u> | <u>\$ 1,327,848</u> | <u>\$ 33,799</u> |
| <u>Cash Disbursements</u> | | | | |
| Comparative Schedule of Final Budget and Budgeted Expenditures | \$ 1,469,686 | \$ 1,395,805 | \$ 957,584 | \$ 35,882 |
| Other Financing Uses: | | | | |
| Schedule of Public Properties Corporation Expenditures | | | | |
| Transfers Out | 273,591 | | 424,180 | 7,500 |
| Bonds: | | | | |
| Principal Paid | | | | |
| Interest Paid | | | | |
| Loan | | | | |
| Principal Paid | | | | |
| Interest Paid | | | | |
| Capital Lease Principal | 12,922 | | | |
| Total Cash Disbursements | <u>\$ 1,756,199</u> | <u>\$ 1,395,805</u> | <u>\$ 1,381,764</u> | <u>\$ 43,382</u> |
| Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements | \$ (6,946) | \$ 2,446 | \$ (53,916) | \$ (9,583) |
| Cash Balance - July 1, 2002 | <u>\$ 170,795</u> | <u>\$ 7,955</u> | <u>\$ 78,583</u> | <u>\$ 9,765</u> |
| | (a) | | | (b) |
| Cash Balance - June 30, 2003 | <u>\$ 163,849</u> | <u>\$ 10,401</u> | <u>\$ 24,667</u> | <u>\$ 182</u> |

(a) PY balance adjusted \$428 for voided checks

(b) PY balance adjusted \$1 for report presentation

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 For The Fiscal Year Ended June 30, 2003
 (Continued)

| <u>General Fund Type</u> | <u>Special Revenue Fund Type</u> | <u>Capital Projects Fund Type</u> | <u>Debt Service Fund Type</u> | |
|--|--------------------------------------|--|--|---|
| <u>Emergency Management Fund</u> | <u>Timberland Fund</u> | <u>Justice Center Project Fund</u> | <u>Detention Facility Project Fund</u> | <u>Totals (Memorandum Only)</u> |
| \$ 4,282 | \$ 4,972 | \$ 54,563 | \$ 10,145 | \$ 3,941,622 |
| 5,000 | | | 346,180 | 697,771 |
| | | 1,278,737 | | 1,573,637 |
| | | 7,750,444 | | 7,750,444 |
| <u>\$ 9,282</u> | <u>\$ 4,972</u> | <u>\$ 9,083,744</u> | <u>\$ 356,325</u> | <u>\$ 13,963,474</u> |
| | | | | |
| \$ 9,745 | \$ 3,866 | \$ | \$ | \$ 3,872,568 |
| | | 1,292,897 | 500 | 1,293,397 |
| | | | | 705,271 |
| | | 1,530,000 | 100,000 | 1,630,000 |
| | | 10,887 | 246,180 | 257,067 |
| | | 1,278,737 | | 1,278,737 |
| | | 5,675 | | 5,675 |
| | | | | 12,922 |
| <u>\$ 9,745</u> | <u>\$ 3,866</u> | <u>\$ 4,118,196</u> | <u>\$ 346,680</u> | <u>\$ 9,055,637</u> |
| | | | | |
| \$ (463) | \$ 1,106 | \$ 4,965,548 | \$ 9,645 | \$ 4,907,837 |
| \$ 718 | \$ 6,905 | \$ 155,169 | \$ 351,483 | \$ 781,373 |
| | | | (b) | |
| <u>\$ 255</u> | <u>\$ 8,011</u> | <u>\$ 5,120,717</u> | <u>\$ 361,128</u> | <u>\$ 5,689,210</u> |

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL PROPRIETARY FUND TYPES

WAYNE COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES – ALL PRIOPRIETARY FUND TYPES

For The Fiscal Year Ended June 30, 2003

| | Enterprise Fund Type | | Totals (Memorandum Only) |
|---|-------------------------|-------------------------|--------------------------------|
| | Jail Canteen Fund | Airport Board Fund | |
| <u>Cash Receipts</u> | | | |
| Airport Board Receipts | | \$ 223,625 | \$ 223,625 |
| Receipts - Jail Canteen | \$ 186,098 | | 186,098 |
| Other Financing Sources: Transfers In | | 7,500 | 7,500 |
| Total Cash Receipts | <u>\$ 186,098</u> | <u>\$ 231,125</u> | <u>\$ 417,223</u> |
| <u>Cash Disbursements</u> | | | |
| Expenditures - Jail Canteen | \$ 172,650 | | \$ 172,650 |
| Schedule of Airport Borad Expenditures | | \$ 237,473 | \$ 237,473 |
| Total Cash Disbursements | <u>\$ 172,650</u> | <u>\$ 237,473</u> | <u>\$ 410,123</u> |
| Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements | \$ 13,448 | \$ (6,348) | \$ 7,100 |
| Cash Balance - July 1, 2002 | <u>11,201</u> | <u>31,220</u> | <u>42,421</u> |
| Cash Balance - June 30, 2003 | <u><u>\$ 24,649</u></u> | <u><u>\$ 24,872</u></u> | <u><u>\$ 49,521</u></u> |

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

WAYNE COUNTY
COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 2003

| | <u>Enterprise Funds</u> | | Totals (Memorandum Only) |
|---|-------------------------|----------------------|--------------------------------|
| | <u>Jail Canteen</u> | <u>Airport Board</u> | |
| Cash Flows From Operating Activities: | | | |
| Cash Received | \$ 186,098 | \$ 223,382 | \$ 409,480 |
| Interest Received on Bank Accounts | | 243 | 243 |
| Transfer In From Wayne County Fiscal Court | | 7,500 | 7,500 |
| Payments to Suppliers | (152,268) | (233,455) | (385,723) |
| Payments to Employees | (20,382) | | (20,382) |
| Sales Tax Paid to State | | (4,018) | (4,018) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Cash Provided (Used) By Operating Activities | \$ 13,448 | \$ (6,348) | \$ 7,100 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Increase (Decrease) in Cash | \$ 13,448 | \$ (6,348) | \$ 7,100 |
| Cash and Cash Equivalents - Beginning | 11,201 | 31,220 | 42,421 |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash and Cash Equivalents - Ending | <u>\$ 24,649</u> | <u>\$ 24,872</u> | <u>\$ 49,521</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | |
| Operating Income (Loss) | \$ 13,448 | \$ (6,348) | \$ 7,100 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Cash Provided (Used) By Operating Activities | <u>\$ 13,448</u> | <u>\$ (6,348)</u> | <u>\$ 7,100</u> |

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Wayne County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, management has included the Public Properties Corporation and the Wayne County Airport Board as part of the reporting entity.

The Public Properties Corporation (the Corporation) is a legally separate entity established to provide long-term debt service for the Fiscal Court. The Corporation's financial activity is reflected in Wayne County's Justice Center Project Fund and Detention Facility Project Fund. The Corporation's governing body consists entirely of Fiscal Court members. Therefore, management must include the Corporation as a component unit and the Corporation's financial activity has been blended with that of the Fiscal Court.

The Wayne County Airport Board (the Board) was established to oversee the operations of the Wayne County Airport. The Board does not have separate corporate powers from those of the Fiscal Court. Therefore, management must include the Board as a component unit and the Board's financial activity has been blended with that of the Fiscal Court.

Additional - Wayne County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Wayne County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Wayne County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Wayne County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and the Emergency Management Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Wayne County Special Revenue Fund Type includes the following county fund: Timberland Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Detention Facility Project Fund of the Public Properties Corporation. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

4) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Justice Center Project Fund of the Public Properties Corporation is reported as a Capital Projects Fund Type.

5) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Wayne County Enterprise Fund Type includes the Airport Board Fund and the Jail Canteen Fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Wayne County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Detention Facility Project Fund and the Justice Center Project Fund, both of the Public Properties Corporation, because bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Governor's Office for Local Development does not require this fund to be budgeted. A formal budget is not adopted for the Airport Board Fund, because the Airport Board is a blended component unit of Wayne County and the Governor's Office for Local Development does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purposes of disclosing credit risk (Note 3), investments exclude certificates of deposit.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county does not have a pledge or collateral agreement with First Southern National Bank, leaving \$76,697 of public funds uninsured and unsecured on August 31, 2002.

WAYNE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2003
 (Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of August 31, 2002.

| | <u>Bank Balance</u> |
|--------------------------------|--------------------------|
| Insured by FDIC | \$ 100,000 |
| Uncollateralized and uninsured | <u>76,697</u> |
| Total | <u><u>\$ 176,697</u></u> |

Note 4. Short-Term Debt

A. Justice Center

On May 31, 2002, the Wayne County Public Properties Corporation issued First Mortgage Revenue Bond Anticipation Renewal Notes, Series 2002, in the amount of \$1,030,000 to repay the First Mortgage Revenue Bond Anticipation Notes, Series 2001. The notes matured on December 1, 2002. The principal due of \$1,030,000 and interest due of \$8,804 were paid in full.

On September 16, 2002, the Wayne County Public Properties Corporation issued First Mortgage Revenue Bond Anticipation Notes, Series 2002B, in the amount of \$500,000 to acquire land and pay related demolition costs. The notes matured on December 1, 2002. The principal due of \$500,000 and interest due of \$2,083 were paid in full.

On December 2, 2002, the County entered into a short-term loan agreement with the Monticello Banking Company in the amount of \$1,278,737 to repay the First Mortgage Revenue Bond Anticipation Renewal Notes, Series 2002 and other related cost associated with the construction of the Justice Center. The loan matured on January 15, 2003. The principal due of \$1,278,737 and interest due of \$5,675 were paid in full.

B. Jail Fund

On April 11, 2003, the county entered into a six-month loan agreement with Monticello Banking Company in the amount of \$575,000 for operating expenses related to the Jail. The loan principal and interest is due in full on December 11, 2004. The note is a fixed interest rate loan at a rate of 4.125%. As of June 30, 2003, the principal balance outstanding was \$219,900.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 5. Long-Term Debt

A. Detention Facility

On November 10, 1999, the Public Properties Corporation issued \$4,665,000 of First Mortgage Revenue Bonds, Series 1999, for the construction of the Wayne County Detention Facility. The bonds have various interest rates from 4.75% to 5.70%. Interest is payable each May 1 and November 1, commencing May 1, 2000. Principal is payable each November 1, commencing November 1, 2001. Revenue bonds outstanding at June 30, 2003, are \$4,465,000. Future debt service requirements are:

| <u>Fiscal Year Ended</u> <u>June 30</u> | <u>Scheduled</u> <u>Interest</u> | <u>Scheduled</u> <u>Principal</u> |
|--|-------------------------------------|--------------------------------------|
| 2004 | \$ 241,311 | \$ 105,000 |
| 2005 | 235,943 | 115,000 |
| 2006 | 230,068 | 120,000 |
| 2007 | 223,943 | 125,000 |
| 2008 | 217,568 | 130,000 |
| 2009-2013 | 982,684 | 730,000 |
| 2014-2018 | 757,699 | 950,000 |
| 2019-2023 | 453,064 | 1,250,000 |
| 2024-2026 | 82,366 | 940,000 |
| Totals | <u>\$ 3,424,646</u> | <u>\$ 4,465,000</u> |

B. Justice Center

On January 1, 2003, the Public Properties Corporation issued \$7,395,000 of First Mortgage Revenue Bonds, Series 2003, for the construction of the Wayne County Justice Center. The bonds have various interest rates from 3.50% to 4.25%. Interest is payable each March 1 and September 1, commencing September 1, 2003. Principal is payable each September 1, commencing September 1, 2004. Revenue bonds outstanding at June 30, 2003, were \$7,395,000. Future debt service requirements are:

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 5. Long-Term Debt (Continued)

B. Justice Center (Continued)

| Fiscal Year Ended June 30 | Scheduled Interest | Scheduled Principal |
|------------------------------|-----------------------|------------------------|
| 2004 | \$ 350,586 | |
| 2005 | 296,127 | 250,000 |
| 2006 | 287,202 | 260,000 |
| 2007 | 277,684 | 265,000 |
| 2008 | 267,559 | 275,000 |
| 2009-2013 | 1,160,513 | 1,565,000 |
| 2014-2018 | 813,430 | 1,905,000 |
| 2019-2023 | 369,856 | 2,345,000 |
| 2024 | 11,263 | 530,000 |
| Totals | <u>\$ 3,834,220</u> | <u>\$ 7,395,000</u> |

Note 6. Capital Leases

A. Voting Machines

On June 27, 1997, the Wayne County Fiscal Court entered into a \$100,000 lease agreement with the Kentucky Association of Counties Leasing Trust Program for the acquisition of voting machines. Terms of the agreement stipulate a ten-year repayment schedule, with variable monthly interest payments and variable annual principal payments ending on January 20, 2007. As of June 30, 2003, the principal balance remaining was \$46,000. Future lease payments are:

| Fiscal Year Ended June 30 | Scheduled Interest | Scheduled Principal |
|------------------------------|-----------------------|------------------------|
| 2004 | \$ 2,050 | \$ 11,000 |
| 2005 | 1,506 | 11,000 |
| 2006 | 940 | 12,000 |
| 2007 | 346 | 12,000 |
| Totals | <u>\$ 4,842</u> | <u>\$ 46,000</u> |

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 6. Capital Leases (Continued)

B. Old Maintenance Site

On February 16, 2001, the Wayne County Fiscal Court entered into a lease with option to purchase agreement with the Commonwealth of Kentucky for the acquisition of the Old Maintenance Site. Terms of the agreement stipulate a yearly principal payment of \$2,922 for a period of ten years ending on July 1, 2010. As of June 30, 2003, the principal balance remaining was \$23,376.

| Fiscal Year Ended June 30 | Scheduled Principal |
|------------------------------|------------------------|
| 2004 | \$ 2,922 |
| 2005 | 2,922 |
| 2006 | 2,922 |
| 2007 | 2,922 |
| 2008 | 2,922 |
| 2009-2011 | 8,766 |
| Totals | <u>\$ 23,376</u> |

Note 7. Related Party Transaction

During fiscal year 2003, the county spent \$100 to rent an election polling facility that is owned by a magistrate's father. The Wayne County Fiscal Court has reviewed these transactions for propriety.

Note 8. Subsequent Event

On December 11, 2003, the Wayne County Fiscal Court took over control and operation of the local Ambulance Service.

Note 9. Insurance

For the fiscal year ended June 30, 2003, Wayne County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

THIS PAGE LEFT BLANK INTENTIONALLY

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

WAYNE COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

| <u>Budgeted Funds</u> | <u>Budgeted Operating Revenue</u> | <u>Actual Operating Revenue</u> | <u>Over (Under) Budget</u> |
|---|---|---|------------------------------------|
| <u>General Fund Type</u> | | | |
| General Fund | \$ 1,941,772 | \$ 1,671,253 | \$ (270,519) |
| Road and Bridge Fund | 1,296,658 | 1,268,251 | (28,407) |
| Jail Fund | 813,192 | 896,857 | 83,665 |
| Local Government Economic Assistance Fund | 31,304 | 31,299 | (5) |
| Emergency Management Fund | 4,800 | 4,282 | (518) |
| <u>Special Revenue Fund Type</u> | | | |
| Timberland Fund | <u>4,868</u> | <u>4,972</u> | <u>104</u> |
| Totals | <u>\$ 4,092,594</u> | <u>\$ 3,876,914</u> | <u>\$ (215,680)</u> |

Reconciliation

| | |
|--|---------------------|
| Total Budgeted Operating Revenue Above | \$ 4,092,594 |
| Add: Budgeted Prior Year Surplus | 274,443 |
| Add: Borrowed Money | 261,900 |
| Less: Other Financing Uses | <u>(359,103)</u> |
| Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures | <u>\$ 4,269,834</u> |

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF OPERATING REVENUE

WAYNE COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

GOVERNMENTAL FUND TYPE

| Revenue Categories | General Fund Type | Special Revenue Fund Type | Capital Projects Fund Type | Debt Service Fund Type | Totals (Memorandum Only) |
|----------------------------|----------------------|---------------------------------|----------------------------------|---------------------------|--------------------------------|
| Taxes | \$ 1,069,899 | \$ 4,928 | \$ | \$ | \$ 1,074,827 |
| In Lieu Tax Payments | 194,706 | | | | 194,706 |
| Excess Fees | 129,291 | | | | 129,291 |
| Licenses and Permits | 21,439 | | | | 21,439 |
| Intergovernmental Revenues | 2,207,016 | | | | 2,207,016 |
| Charges for Services | 41,517 | | | | 41,517 |
| Miscellaneous Revenues | 201,045 | | | | 201,045 |
| Interest Earned | 7,029 | 44 | 54,563 | 10,145 | 71,781 |
| Total Operating Revenue | <u>\$ 3,871,942</u> | <u>\$ 4,972</u> | <u>\$ 54,563</u> | <u>\$ 10,145</u> | <u>\$ 3,941,622</u> |

THIS PAGE LEFT BLANK INTENTIONALLY

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

WAYNE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

| Expenditure Categories | GENERAL FUND TYPE | | |
|---|---------------------|--------------------------|---------------------------|
| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
| General Government | \$ 655,040 | \$ 593,284 | \$ 61,756 |
| Protection to Persons and Property | 999,398 | 1,004,734 | (5,336) |
| General Health and Sanitation | 216,508 | 162,104 | 54,404 |
| Social Services | 38,632 | 37,227 | 1,405 |
| Recreation and Culture | 34,600 | 34,052 | 548 |
| Transportation Facilities and Services | 7,024 | 6,838 | 186 |
| Roads | 1,342,178 | 1,309,595 | 32,583 |
| Airports | 12,200 | 4,469 | 7,731 |
| Debt Service | 52,300 | 81,543 | (29,243) |
| Capital Projects | 14,850 | 13,378 | 1,472 |
| Administration | 885,436 | 621,478 | 263,958 |
| Total Operating Budget - General Fund Type | \$ 4,258,166 | \$ 3,868,702 | \$ 389,464 |
| Other Financing Uses: | | | |
| Transfers to Detention Facility Project Fund | 346,180 | 346,180 | |
| Capital Lease Agreement- Principal on Lease | 12,923 | 12,922 | 1 |
| TOTAL BUDGET - GENERAL FUND TYPE | <u>\$ 4,617,269</u> | <u>\$ 4,227,804</u> | <u>\$ 389,465</u> |

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 For The Fiscal Year Ended June 30, 2003
 (Continued)

| Expenditure Categories | SPECIAL REVENUE FUND TYPE | | |
|--|---------------------------|--------------------------|---------------------------|
| | Final Budget | Budgeted Expenditures | Under (Over) Budget |
| Protection to Persons and Property Administration | \$ 4,000 7,668 | \$ 3,866 | \$ 134 7,668 |
| TOTAL BUDGET - SPECIAL REVENUE FUND TYPE | \$ 11,668 | \$ 3,866 | \$ 7,802 |

SCHEDULE OF AIRPORT BOARD FUND EXPENDITURES

WAYNE COUNTY
SCHEDULE OF AIRPORT BOARD FUND EXPENDITURES

For The Fiscal Year Ended June 30, 2003

| <u>Expenditure Items</u> | <u>Airport Board Fund</u> |
|--------------------------|-------------------------------|
| Utilities | \$ 1,829 |
| Fuel | 46,736 |
| Mowing | 1,640 |
| Maintenance | 6,717 |
| Miscellaneous | 5,370 |
| Sealing Runway | 23,839 |
| T - Hangar | 115,824 |
| Beacon | 31,500 |
| Sales Tax | <u>4,018</u> |
| Total | <u>\$ 237,473</u> |

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF PUBLIC PROPERTIES CORPORATION EXPENDITURES

WAYNE COUNTY
SCHEDULE OF PUBLIC PROPERTIES CORPORATION EXPENDITURES

For The Fiscal Year Ended June 30, 2003

| <u>Expenditure Items</u> | <u>Justice Center Project Fund</u> | <u>Detention Facility Project Fund</u> |
|--------------------------|--|--|
| Fees | \$ 11,000 | \$ 500 |
| Real Estate | 329,232 | |
| Building | 763,070 | |
| Professional Services | <u>189,595</u> | <u></u> |
| Total | <u>\$ 1,292,897</u> | <u>\$ 500</u> |

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Bruce Ramsey, Wayne County Judge/Executive
Members of the Wayne County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Wayne County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wayne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits At All Times
- The County Should Pay All Loans By The End Of The Fiscal Year The County Enters Into Them

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Wayne County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying comments and recommendations.

- The Wayne County Airport Board Should Strengthen Internal Controls

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of management is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized, flowing script.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
August 23, 2004

COMMENTS AND RECOMMENDATIONS

WAYNE COUNTY
COMMENTS AND RECOMMENDATIONS

For The Fiscal Year Ended June 30, 2003

NONCOMPLIANCES

The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits At All Times

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county does not have a pledge or collateral agreement with First Southern National Bank, leaving \$76,697 of public funds uninsured and unsecured on August 31, 2002. We recommend the County require the depository institution to pledge or provide sufficient collateral to protect deposits at all times.

County Judge/Executive Bruce Ramsey's Response:

Treasurer will talk to bank to ensure this is done in the future.

The County Should Pay All Loans By The End Of The Fiscal Year The County Enters Into Them

The county did not pay a short-term loan agreement balance of \$219,900 in full by June 30, 2003. This resulted in a negative fund balance of \$14,769. KRS 65.7707 states, notes payable shall mature on a date determined by the governing body which shall be no later than the last day of the fiscal year in which the notes are issued. KRS 68.110 states that the fiscal court shall not in any year expend money in excess of the amount annually levied and collected for that year. We recommend the county pay any and all loans in full by the end of the fiscal year the county enters into them and that the Fiscal Court monitor the financial transactions of the county to ensure compliance with these statutes.

County Judge/Executive Bruce Ramsey's Response:

This situation was corrected by implementing an occupational tax.

WAYNE COUNTY
COMMENTS AND RECOMMENDATIONS
For The Fiscal Year Ended June 30, 2003
(Continued)

REPORTABLE CONDITION

The Wayne County Airport Board Should Strengthen Internal Controls

We have determined that the Wayne County Airport Board has weak internal controls. Due to the entity's small size and budget restrictions the Airport Board has few options for establishing an adequate segregation of duties. To offset this weakness in internal controls the Wayne County Airport Board could implement the following:

- All disbursements be made by check with two authorized signatures
- Someone independent of recording financial transactions reconcile the bank statements to the monthly reports
- Approval of all disbursements by the airport board
- The airport board should utilize the bidding process for contracted fuel purchases

County Judge/Executive Bruce Ramsey's Response:

We will talk with the County Attorney and investigate this issue.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM


WAYNE COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2003

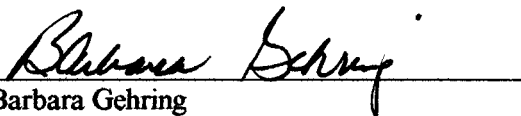
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND PROGRAM
WAYNE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2003

The Wayne County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Bruce Ramsey
County Judge/Executive



Barbara Gehring
County Treasurer

